

**House Study Bill 546 - Introduced**

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
LOCAL GOVERNMENT BILL BY  
CHAIRPERSON GASKILL)

**A BILL FOR**

1 An Act relating to the approval and use of increased local  
2 sales and services tax revenues to fund urban renewal  
3 projects.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423B.1, subsection 6, paragraph c, Code  
2 2009, is amended to read as follows:

3 c. Notwithstanding any other provision in this section,  
4 a change in use of the local sales and services tax revenues  
5 for purposes of funding an urban renewal project pursuant  
6 to section 423B.10 does not require an election, except as  
7 provided in section 423B.10, subsection 2.

8 Sec. 2. Section 423B.10, subsection 2, Code 2009, is amended  
9 to read as follows:

10 2. a. An eligible city may by ordinance of the city council  
11 provide for the use of a designated amount of the increased  
12 local sales and services tax revenues collected under this  
13 chapter which are attributable to retail establishments in an  
14 urban renewal area to fund urban renewal projects located in  
15 the area. The designated amount may be all or a portion of  
16 such the increased revenues allocable to the eligible city  
17 under section 423B.7.

18 b. Prior to consideration of an ordinance under this  
19 section, a city council shall adopt a resolution stating its  
20 intent to propose the ordinance. If within thirty days of the  
21 adoption of the resolution, a petition is filed with the clerk  
22 of the city in the manner provided by section 362.4 asking that  
23 the question of the use of a designated amount of the increased  
24 revenues allocable to the city be submitted to the registered  
25 voters of the city, the council shall either by resolution  
26 declare the proposal to have been abandoned or shall direct the  
27 county commissioner of elections to call a special election  
28 to be held on a date specified in section 39.2, subsection  
29 4, paragraph "b". If the vote in favor of the proposition is  
30 equal to at least a majority of the total votes cast for and  
31 against the proposition, the city council may proceed with  
32 consideration of an ordinance authorizing funding of urban  
33 renewal projects as provided in paragraph "a".

34 c. If no petition is filed pursuant to paragraph "b",  
35 the council may proceed with consideration of an ordinance

1 authorizing funding of urban renewal projects as provided in  
2 paragraph "a".

3 Sec. 3. Section 423B.10, subsection 3, unnumbered paragraph  
4 1, Code 2009, is amended to read as follows:

5 To determine the revenue increase allocable to the city for  
6 purposes of subsection 2, revenue amounts shall be calculated  
7 by the department of revenue as follows:

8 Sec. 4. ORDINANCES ADOPTED PRIOR TO EFFECTIVE DATE. The  
9 amount of the increased local sales and services taxes received  
10 by a city as the result of an ordinance adopted under chapter  
11 423B prior to the effective date of this Act that have been  
12 designated by a city by ordinance to fund urban renewal  
13 projects pursuant to section 423B.10 shall be deposited in the  
14 city's special fund created in section 403.19, subsection 2,  
15 and shall be used to fund urban renewal projects located in an  
16 urban renewal area.

17 Sec. 5. OBLIGATIONS OF CITIES. This Act shall not relieve,  
18 impair, or otherwise alter the obligations of a city relating  
19 to bonds issued pursuant to chapter 403 prior to the effective  
20 date of this Act or contracts made prior to the effective date  
21 of this Act in connection with an urban renewal project.

22 EXPLANATION

23 This bill relates to the use of sales and services tax  
24 revenues to fund urban renewal projects.

25 Current law allows an eligible city to provide by ordinance  
26 for the use of a designated amount of the increased local sales  
27 and services tax revenues attributable to retail establishments  
28 in an urban renewal area to fund urban renewal projects located  
29 in the area. Current law does not require an election prior to  
30 the designation of these revenues.

31 The bill requires an eligible city to adopt a resolution of  
32 intent before proposing an ordinance authorizing the use of  
33 local sales and services tax revenues for urban renewal. If  
34 within 30 days of the adoption of the resolution, a petition  
35 requesting an election on the question is filed with the city

1 clerk, the city council must either declare the proposal  
2 abandoned or direct the county commissioner of elections  
3 to call a special election on the question. If the vote  
4 is in favor of the proposition, the city may proceed with  
5 consideration of the ordinance. If no petition is filed, the  
6 council may proceed with consideration of the ordinance.

7 The bill specifies that the amount of increased revenues  
8 designated for urban renewal projects may be all or a portion  
9 of the increased revenues allocable to the eligible city.

10 The bill provides that any local sales and services taxes  
11 received as the result of an ordinance adopted prior to the  
12 effective date of the bill and designated for urban renewal  
13 projects must be deposited in the city's special fund and used  
14 to fund urban renewal projects.

15 The bill provides that the funding of urban renewal projects  
16 with increased sales and services tax revenues shall not  
17 relieve, impair, or alter the obligations of a city in regard  
18 to certain bonds or contracts.